SMART ONLINE INC

Form 4

January 24, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB

OMB APPROVAL

Number: Expires:

3235-0287

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

January 31, 2005

0.5

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response...

Section 16. Form 4 or Form 5 obligations

may continue.

See Instruction

if no longer

subject to

Check this box

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

SECURITIES

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * Roethler Doron

2. Issuer Name and Ticker or Trading Symbol

SMART ONLINE INC [SOLN]

5. Relationship of Reporting Person(s) to Issuer

below)

(Last)

(City)

(Instr. 3)

(First) (Middle) 3. Date of Earliest Transaction

(Check all applicable)

C/OMICHAL RAVIV, STRAUSS

(Month/Day/Year)

10/10/2006

Director 10% Owner Other (specify Officer (give title

ADAR RAVIV & CO. 28 MENACHEM BEGIN, BETZALEL STREET

(Street)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Applicable Line)

Filed(Month/Day/Year)

P

X Form filed by One Reporting Person Form filed by More than One Reporting

RAMAT GAN, L3 52521

1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year)

10/10/2006(1)

(State)

Execution Date, if

(Month/Day/Year)

(Zip)

3. 4. Securities Acquired (A) Transaction Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)

Following

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

5. Amount of Securities Beneficially Owned

Reported

Ownership Form: Direct (D) or Indirect

7. Nature of Indirect Beneficial Ownership (Instr. 4)

(A) Code V Amount

247,043

or (D) Price Transaction(s) (Instr. 4) (Instr. 3 and 4)

D

Common

Common

Stock

1.5176 1,323,619

557,043

See fn. (2)

Stock Common

Stock

121,116

Ι

I

See fn. (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exercisable and		7. Titl	e and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	TransactionNumber		Expiration D	ate	Amou	nt of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	. 8) Derivative			Securi	ties	(Instr. 5)	Bene
	Derivative				Securities			(Instr.	3 and 4)		Owne
	Security				Acquired						Follo
					(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
		4, and 5)									
									Amaunt		
					(A) (D)	Date Exercisable	Expiration Date	Title N			
				Code V							
				Code V	4, and 5)		•	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Roethler Doron C/OMICHAL RAVIV, STRAUSS ADAR RAVIV & CO 28 MENACHEM BEGIN, BETZALEL STREET RAMAT GAN, L3 52521

X

Signatures

/s/ Doron Roethler 01/24/2007

**Signature of Date
Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The agreement to purchase these shares was made on October 10, 2006. Consideration paid for the shares was made in installments over a period of time and the agreement included certain closing conditions, including the dissolution of an entity partly owned by the seller, and Smart Online, Inc. entering into a registration rights agreement with the reporting person. The last of these conditions was satisfied on January 19, 2007.

- (2) Shares owned by Greenleaf Ventures, Ltd, which is wholly owned by Doron Roethler.
- (3) Shares owned by Crystal Management Ltd., which is wholly owned by Doron Roethler.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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